

VZCZCXRO9472
RR RUEHRG
DE RUEHSO #0497/01 2671057
ZNR UUUUU ZZH
R 231057Z SEP 08 ZDK
FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC 8533
INFO RUEHBR/AMEMBASSY BRASILIA 9666
RUEHRG/AMCONSUL RECIFE 4197
RUEHRI/AMCONSUL RIO DE JANEIRO 8855
RUEHBU/AMEMBASSY BUENOS AIRES 3253
RUEHAC/AMEMBASSY ASUNCION 3500
RUEHMN/AMEMBASSY MONTEVIDEO 2776
RUEHSG/AMEMBASSY SANTIAGO 2500
RUEHLP/AMEMBASSY LA PAZ 3913
RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC

UNCLAS SECTION 01 OF 03 SAO PAULO 000497

SIPDIS
[SENSITIVE]

STATE PASS

E.O. 12958: N/A

TAGS: [BR](#)

SUBJECT: BRAZIL FOREIGN POLICY: INTERESTS VS. IDEOLOGY, AND MAYBE
RAW MATERIAL FOR A REAL DEBATE

REF: RIO 236

SENSITIVE BUT UNCLASSIFIED--PLEASE PROTECT ACCORDINGLY

SUMMARY

11. (SBU) A significant number of academics and international relations consultants in Sao Paulo are frustrated with Brazil's current foreign policy. In their view, left-wing elements in both the Workers Party (PT) and in the Foreign Ministry put ideology ahead of national interest. The critics maintain that this has cost Brazil economic and diplomatic opportunities, though President Lula's pragmatism has limited the damage. Despite the lost opportunities, our contacts do not think that Brazil's foreign policy will change any time soon, bolstered as it is by protectionist elements in the business community, ideologues in academe and government and, most importantly, by a series of beliefs - the critics would call them myths - about both the U.S. and Brazil. Though the academic ideas get little play now, they could provide a leverage point for programming on foreign policy-formation, one that could broaden the domestic conversation on Brazil's foreign relations. This is a debate we should encourage as both Brazil and the U.S. increasingly share common interests in promoting greater democracy, stability and free markets in the hemisphere. End Summary.

12. (SBU) Poloff spoke to a wide variety of Congen interlocutors on Brazil's foreign policy including: former Ambassador to the United States Rubens Barbosa, Communist Party Congressman and Sao Paulo PT Deputy Mayoral candidate Aldo Rebelo, University of Sao Paulo (USP) Political Scientist Guilhon de Albuquerque, USP Professor of International Relations Amancio Jorge de Oliveira, Globo TV journalist Jose Alan, translator and commentator John Fitzpatrick, and think tank researchers Rogerio Schmitt (Tendencias) and Thiago Aragao (Arko Advice).

Old Thinking vs. New Status

13. (U) The vast majority of these interlocutors criticized GOB foreign policy for its ideologically-based naiveté, which they saw as out of step with Brazil's status as an emerging major power. On the one hand, Brazil is an increasingly prosperous country that enjoys "absolute [democratic] stability," in the words of journalist Jose Alan. On the other, these observers said repeatedly that the country's foreign affairs remain locked in a 1960s-era leftist straightjacket, one that makes it impossible for the GOB to defend increasingly important economic interests in neighboring countries.

Ticking Off the Costs

¶4. (U) Interlocutors cited a variety of areas in which they believed Brazil had sacrificed its interests for ideological reasons. These included:

- the loss of Petrobras' Bolivia-based refinery as a result of the Bolivian government's nationalization of the facility in March 2006;

- the likely increase in cost of electricity obtained from the Itaipu dam in Paraguay, pending renegotiation of the terms of the treaty governing the sharing of electrical generation there;

- the lack of protections for Brazilian investors abroad. According to former Ambassador Rubens Barbosa and others, for ideological reasons, the GOB is simply not comfortable defending Brazilian business interests in neighboring countries;

- missed opportunities to mediate conflicts in Bolivia, Colombia and between Uruguay and Argentina;

- the waning of influence among Brazil's neighbors, as Paraguay, Bolivia and Argentina have all, to varying degrees, fallen under the influence of Hugo Chavez;

- economic "missed opportunities" due to Brazil's political commitment to Mercosul; and,

- a failure to appreciate and exploit synergies with the United States, with which Brazil increasingly shares common interests.

SAO PAULO 00000497 002 OF 003

¶5. (SBU) Ambassador Barbosa maintained that Brazil focused too much attention on China (which is a competitor) or the other BRIC countries or South Africa, rather than looking at potential partners in terms of the actual benefits they offer. (Note: This contradiction was apparent during the recent Doha negotiations, where Brazil's position was at the end closer to that of the U.S. than to its nominal G-20 allies such as Argentina and India. End Note.)

Ideas that Limit Brazil's Vision

¶6. (SBU) Foreign policy experts and observers noted a powerful consensus that frustrates an interests-based consideration of Brazil's foreign policy. Several elements stood out, including:

- The continuing influence of 1960s-era Marxist/nationalist ideas among PT leaders and some in the Foreign Ministry. Some in the PT, for example, reportedly welcomed the Bolivia's 2006 nationalization of Petrobras facilities in that country as legitimate resistance to "imperialism."

- Brazil's "Manifest Destiny"

USP Professor Albuquerque cited a lecture that Foreign Minister Celso Amorim gave to students at the University of Sao Paulo in 2004 as emblematic of some of the more far-out notions that influence Brazil's foreign policy. In that lecture, Amorim told students that Brazil would soon emerge as a major world power. He said the U.S. was "in decline" and that external factors hobbled all other major contenders for influence. (Japan would block China's rise; India suffers too much misery; and Russia's population is falling.) In his view, only Brazil had the right combination of technology, resources and absence of barriers to transform itself into a "rule-maker" in the international system. (Note: Albuquerque thought Amorim's lecture went too far, and observed that even some students seemed perplexed by it. At the same time, Albuquerque thought it accurately represented one element in a highly - and some might say grandiosely - nationalist world view that influences some in the GOB Foreign Ministry. End Note COMMENT: It is notable that this interlocutor selects a 2004 speech to criticize, rather than taking into account the many later speeches, or any possibility in evolution in Amorim's views, that could serve to undercut his own

entrenched perspective. End Comment.)

-Fear of Becoming "Another Mexico"

USP Professor of International Relations Amancio Jorge de Oliveira said that Brazil's foreign policy elites resist engagement with the U.S., particularly a broad-style free trade agreement, out of fear of becoming "another Mexico." Post-NAFTA, 90 percent of Mexico's foreign trade is with the U.S., a fact that, according to Oliveira, effectively pulls the country out of Latin America. Brazilian foreign policy elites do not want to follow this path, and so will only engage in piecemeal deals with the United States. For this reason, the GOB always refers to "South American unity" in its foreign policy statements, since it sees Mexico and Central America as essentially "lost" to the United States, according to Oliveira.

Consequences for the Foreign Ministry

¶7. (SBU) Professor Albuquerque and other interlocutors cited how Foreign Minister Amorim's and Secretary General Samuel Pinheiro Guimaraes' nationalist/leftist inclinations have altered the pipeline for diplomats in the Brazilian Foreign Ministry. In recent years, the Ministry has imposed ideological litmus tests for promotions, moving up relatively inexperienced (and left-wing oriented) officers to key positions, and requiring that officers read a list of books selected for their nationalist and leftist credentials. These measures, combined with the recent expansion of incoming classes, could institutionalize the leftist slant of Brazil's foreign policy, these interlocutors fear.

Lula's Pragmatism Does Damage Control

¶8. (SBU) Most observers cited President Lula's overall personal influence as positive, particularly where relations with the United States were concerned. While Lula is a man of the left, he is fundamentally a grassroots-oriented, pragmatic politician and not an ideologue, they believe. (Note: While our interlocutors stressed

SAO PAULO 00000497 003 OF 003

Lula's pragmatism, some of his recent statements about new oil discoveries suggest that where that potential bonanza is concerned, he remains attracted to certain statist ideas. End Note.) They note that President Lula also enjoys excellent chemistry with President Bush and is less than supportive of Hugo Chavez, whom Lula sees as having usurped his leadership role as the voice of South America's poor while Lula was occupied by the scandals that wracked his administration in 2004-2005, according to these observers.

And Yet, Does It Matter? Consensus and Complacency

¶9. USP Professor of International Relations Amancio Jorge de Oliveira tied together the analyses offered by others and offered a pragmatic evaluation. He agreed with the criticisms of almost all those cited in this cable. Oliveira concurred that Brazil's emphasis on South-South and regional solidarity in foreign policy was misplaced, that the country was missing opportunities to both protect its economic interests and promote itself. Nonetheless, in Oliveira's view, while the criticisms of Brazil's contemporary foreign policy are true, they are also irrelevant. Brazil is a big country that is enjoying rapid economic growth. Between protectionist industrialists and ideologues in government and the universities, there exists a strong consensus in favor of the status quo among key members of Brazil's elite, and, in this context, foreign policy simply does not capture the center stage in the minds of most Brazilians.

Comment: Foreign Policy and Opportunity

¶10. (SBU) Brazil's present foreign policy is unlikely to change any time soon, these sources believe. Sources interviewed complained of an absence of real debate about foreign affairs in this increasingly prosperous yet still inwardly-oriented society. In fact, the conflict between interests and ideology described here is not limited to political aspects of foreign affairs, but also affects economic policy. The debates about what to do post-Doha as well as how Brazil can best develop its new large offshore oil reserves also

feature this same conflict between statist/third world-ist ideological habits and how best to pick partners/use markets to enhance trade and develop resources.

¶11. (SBU) Despite the entrenched positions among many key opinion-makers, we should promote and develop forums - university events, think tanks and the like - where Brazilians can consider a wider range of foreign policy options, including those that would take their concrete interests more clearly into account. The critics interviewed here represent a current in local thinking that deserves wider play and will likely become more important as Brazil continues to emerge as an exporter of capital and as an increasingly developed society, interested in investment promotion, democracy promotion and hemispheric stability.

¶12. (U) This cable was coordinated/cleared by Embassy Brasilia.

STORY